

Message Text

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ACTION NEA-12

INFO OCT-01 ISO-00 SS-20 NSC-10 STR-08 PA-04 PRS-01 USIA-15

AID-20 CIAE-00 COME-00 EB-11 FRB-02 INR-10 NSAE-00

RSC-01 TRSE-00 XMB-07 OPIC-12 SPC-03 CIEP-02 LAB-06

SIL-01 OMB-01 DRC-01 /148 W

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FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC 4570

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E.O. 11652: N/A - DECON NOV 20, 1974

TAGS: IR, EGEN

SUBJ: INFLATION

REF: A. TEHRAN 6628 B. TEHRAN 6195

1. CENTRAL BANK ON CONFIDENTIAL BASIS HAS RELEASED TO EMBASSY PRICE INDEX FIGURES THROUGH OCTOBER 20, 1973. CONSUMER PRICE INDEX FOR URBAN AREAS OF IRAN FOR SEVENTH MONTH OF IRANIAN YEAR 1352 (SEPTEMBER-OCTOBER) QTA 16.3 PERCENT HIGHER THAN YEAR EARLIER AND AVERAGED 10.2 PERCENT HIGHER OVER FIRST SEVEN MONTHS OF 1352 (MARCH 21-OCTOBER 20, 1973) THAN SIMILAR PERIOD DURING 1351. TWELVE-MONTH AVERAGE WORKS OUT TO 8.8 PERCENT RATE OF INCREASE. WHOLESALE PRICE INDEX IS 21.8 PERCENT HIGHER IN SEPTEMBER-OCTOBER THAN YEAR EARLIER, AVERAGE OF 12 PERCENT HIGHER FOR FIRST SEVEN MONTHS OF 1352, AND 9.4 PERCENT ABOVE PREVIOUS YEAR'S AVERAGE FOR 12-MONTH PERIOD ENDING OCTOBER 20, 1973.

2. COMMENT: INDICES ARE WIDELY BELIEVED TO UNDERSTATE TRUE RATE OF PRICE INCREASES IN IRAN. IT PROBABLY IS SAFE TO SAY RATE OF INFLATION NOW EXCEEDS 15 PERCENT AND MAY BE CONSIDERABLY HIGHER. GOI'S CONCERN OVER PUBLIC REACTION TO PRICE INCREASES IS OBVIOUS FROM FACT NO INDEX FIGURES HAVE BEEN PUBLISHED SINCE THOSE FOR LIMITED OFFICIAL USE

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MONTH ENDING JULY 22. NORMALLY FIGURES ARE RELEASED TO PRESS WITH-

IN TWO MONTHS OF APPLICABLE TIME PERIOD. HOWEVER, AT THIS STAGE
INDICES COULD NOT BE EXPECTED TO REFLECT POSSIBLE ANTI-FLATIONARY
EFFECTS OF PRICE CONTROL AND MONETARY MEASURES TAKEN IN AUGUST AND
SEPTEMBER (REFTELS).
HELMS

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Message Attributes

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